

**COMMUNITY IMPROVEMENT CORPORATION
OF BELMONT COUNTY
ST. CLAIRSVILLE, OHIO**

**AUDIT REPORT
DECEMBER 31, 2001**



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Board of Trustees
Community Improvement Corporation of Belmont County

We have reviewed the Independent Auditor's Report of the Community Improvement Corporation of Belmont County, prepared by S.R. Snodgrass, A.C. for the audit period January 1, 2000 through December 31, 2001. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Community Improvement Corporation of Belmont County is responsible for compliance with these laws and regulations.

A handwritten signature in black ink, appearing to read "Jim Petro".

JIM PETRO
Auditor of State

June 26, 2002

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**Community Improvement Corporation
of Belmont County
DECEMBER 31, 2001**

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SNODGRASS

Certified Public Accountants and Consultants



INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Community Improvement Corporation of Belmont County
St. Clairsville, Ohio

We have audited the accompanying statement of financial position of the Community Improvement Corporation of Belmont County (a non-profit corporation) as of December 31, 2001, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Community Improvement Corporation of Belmont County as of December 31, 2001, and the results of its operations and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 6, the corporation changed its method of accounting in 2001.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 19, 2002, on our consideration of the Community Improvement Corporation of Belmont County's internal control structure over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

S. R. Snodgrass, A.C.

Wheeling, West Virginia
March 19, 2002

Community Improvement Corporation of Belmont County
STATEMENT OF FINANCIAL POSITION

	December 31, 2001				
	Board Fund	Department of Development Fund	Revolving Loan Fund	Eliminations	Total All Funds
ASSETS					
Cash in bank - checking	\$ 199,171	\$ 11,746	\$ 14,312	\$ -	\$ 225,229
Petty cash	-	34	-	-	34
Certificates of deposit	-	813,478	998,001	-	1,811,479
Interfund borrowings	5,000	30,870	-	(35,870)	-
Accrued interest receivable	-	4,853	412	-	5,265
Notes receivable	-	-	545,549	-	545,549
	<u>\$ 204,171</u>	<u>\$ 860,981</u>	<u>\$ 1,558,274</u>	<u>\$ (35,870)</u>	<u>\$ 2,587,556</u>
LIABILITIES					
Due to Belmont County	\$ -	\$ -	\$ 1,523,604	\$ -	\$ 1,523,604
Payroll taxes withheld	-	3,400	-	-	3,400
Accounts payable	-	31,911	-	-	31,911
Interfund borrowings	1,200	-	34,670	(35,870)	-
Total liabilities	<u>1,200</u>	<u>35,311</u>	<u>1,558,274</u>	<u>(35,870)</u>	<u>1,558,915</u>
NET ASSETS					
Unrestricted	202,971	-	-	-	202,971
Temporarily restricted	-	825,670	-	-	825,670
Total net assets	<u>202,971</u>	<u>825,670</u>	<u>-</u>	<u>-</u>	<u>1,028,641</u>
Total liabilities and net assets	<u>\$ 204,171</u>	<u>\$ 860,981</u>	<u>\$ 1,558,274</u>	<u>\$ (35,870)</u>	<u>\$ 2,587,556</u>

The accompanying notes are an integral part of these financial statements.

Community Improvement Corporation of Belmont County
STATEMENT OF ACTIVITIES

	Year Ended December 31, 2001				
	(Unrestricted)	(Temporarily Restricted)		Eliminations	Total All Funds
	Board Fund	Department of Development Fund	Revolving Loan Fund		
REVENUES					
Operating grant	\$ -	\$ 120,000	\$ -	\$ -	\$ 120,000
Interest income	11,120	45,271	55,483	-	111,874
Contributions and other	1,000	3,000	-	-	4,000
Administration fees	-	21,000	-	(15,000)	6,000
Total revenues	<u>12,120</u>	<u>189,271</u>	<u>55,483</u>	<u>(15,000)</u>	<u>241,874</u>
EXPENSES					
Salaries	-	47,321	-	-	47,321
Industrial park costs	-	385,872	-	-	385,872
Payroll taxes	-	3,884	-	-	3,884
Rent	-	5,400	-	-	5,400
Utilities	-	986	-	-	986
Travel	-	3,342	-	-	3,342
Insurance	-	2,272	-	-	2,272
Meeting expense	3,861	-	-	-	3,861
Dues and subscriptions	528	862	-	-	1,390
Education	-	1,500	-	-	1,500
Professional fees	-	12,283	-	-	12,283
Telephone	-	4,044	-	-	4,044
Postage	-	521	-	-	521
Office supplies	-	2,177	30	-	2,207
Office maintenance	-	717	-	-	717
Xerox lease	-	3,120	-	-	3,120
Administrative fees	-	-	15,000	(15,000)	-
Miscellaneous	-	690	-	-	690
Total expenses	<u>4,389</u>	<u>474,991</u>	<u>15,030</u>	<u>(15,000)</u>	<u>479,410</u>
Change in net assets	7,731	(285,720)	40,453	-	(237,536)
TRANSFER TO BELMONT COUNTY	-	-	(40,453)	-	(40,453)
NET ASSETS, AS RESTATED					
BEGINNING OF YEAR	<u>195,240</u>	<u>1,111,390</u>	<u>-</u>	<u>-</u>	<u>1,306,630</u>
NET ASSETS,					
END OF YEAR	<u>\$ 202,971</u>	<u>\$ 825,670</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,028,641</u>

The accompanying notes are an integral part of these financial statements.

Community Improvement Corporation of Belmont County
STATEMENT OF CASH FLOWS

	Year Ended December 31, 2001
CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ (237,536)
Changes in assets and liabilities:	
Increase in accrued interest receivable	(311)
Decrease in payroll taxes withheld	(2,086)
Increase in accounts payable	19,140
Net cash used in operating activities	(220,793)
 CASH FLOWS FROM FINANCING ACTIVITIES	
Principal received on Revolving Loan Fund notes	91,534
Net cash provided by financing activities	91,534
Net decrease in cash and cash equivalents	(129,259)
 CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	2,166,000
 CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 2,036,741

The accompanying notes are an integral part of these financial statements.

Community Improvement Corporation of Belmont County
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the Community Improvement Corporation of Belmont County (the Corporation) is presented to assist the reader in understanding the Corporation's financial statements. The financial statements and notes are representations of the Corporation's management, which is responsible for their integrity and objectivity.

Nature of Operations - The Corporation was organized in 1962 as a private nonprofit corporation under the laws of the State of Ohio for the purpose of attracting new industry to the area and enhancing the business climate for existing businesses. To that end, the Corporation operates the Belmont County Department of Development. Primary funding for the Corporation comes from annual operating grants from the Commissioners of Belmont County. During 2001, the Commissioners provided operating funds in the amount of \$120,000. As further discussed in Note 5, the Commissioners also provided funds in the aggregate amount of \$825,000 during 1999 for the development of an industrial park. Construction on this project commenced in 2000 and continued throughout 2001.

The Corporation also administers a Revolving Loan Fund. The Revolving Loan Fund provides below market rate loans to businesses for the creation or retention of jobs in Belmont County, Ohio.

Basis of Accounting - The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Property and Equipment - The Corporation's fixed assets consist only of a small amount of office furniture which was expensed as purchased. In 1999, the Corporation acquired land for the development of a county industrial park. The ownership of the land was subsequently transferred to the Government of Belmont County. The Corporation incurred costs in the aggregate amount of \$385,872 to improve the property in 2001. These costs were expensed by the Corporation during the year.

Community Improvement Corporation of Belmont County
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2001

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Presentation and Fund Accounting - As discussed above, the financial statements are prepared on the accrual basis. The Corporation has elected to use fund accounting for external reporting purposes.

To ensure the observance of limitations and restrictions placed on the use of resources available to the Corporation, the accounts of the Corporation are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purpose. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups. Accordingly, all financial transactions have been recorded and reported by fund group.

The assets, liabilities, and fund balances of the Corporation are reported in three self-balancing fund groups as follows:

1. The Board Fund represents the portion of expendable funds that is available for the Corporation's general operations.
2. The Department of Development Fund represents the portion of expendable funds that is available for support of the Belmont County Department of Development.
3. The Revolving Loan Fund represents the portion of expendable funds that is available for support of the Belmont County Revolving Loan Program.

Use of Estimates - The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents - For the purpose of the statement of cash flows, the Corporation considers certificates of deposit to be cash equivalents.

**Community Improvement Corporation of Belmont County
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2001**

NOTE 2 - TAXES

The Community Improvement Corporation of Belmont County is a nonprofit corporation exempt from federal income taxes under Section 501(c)(4) of the Internal Revenue Code.

NOTE 3 - NOTES RECEIVABLE

The Corporation is the administering agency for the Belmont County Community Development Block Grant Economic Development Revolving Loan Fund. All loans are made to businesses located in Belmont County, Ohio. The ability of borrowers to meet their contractual obligations partially depends upon the general economic conditions of the area. At December 31, 2001, one borrower accounted for the entire balance of loans outstanding. Loans to this borrower are secured by liens on equipment and a corporate guarantee from its parent, Mayflower Vehicle Systems, Inc. During 1995, the Corporation assigned all security interest in the loans to the Board of County Commissioners of Belmont County. The following is a summary of loans outstanding as of December 31, 2001:

<u>Loan Date</u>	<u>Maker</u>	<u>Rate</u>	<u>Term in Months</u>	<u>Total Authorized</u>	<u>Balance</u>
02/19/93	Motor Panels Stamping Co.	3.0%	180	\$ 160,000	\$ 80,933
02/19/93	Motor Panels Stamping Co.	3.0%	180	390,000	197,328
01/28/97	Motor Panels Stamping Co.	3.0%	180	<u>490,000</u>	<u>267,288</u>
	Total			<u>\$ 1,040,000</u>	<u>\$ 545,549</u>

Management monitors the collectibility of the revolving loan portfolio on an ongoing basis. As of December 31, 2001, management determined that all of the loan balances listed above were fully collectible.

**Community Improvement Corporation of Belmont County
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2001**

NOTE 4 - CONCENTRATIONS OF CREDIT RISK - CASH BALANCES

At December 31, 2001, the Corporation had several deposit accounts at three federally insured banks. The aggregate bank balance of these accounts exceeded the amount covered by federal deposit insurance by approximately \$1.8 million. Agreements were in place with two banks to provide a pledge of collateral for the Corporation's deposit balances in excess of federal insurance limits. The amount of deposits which are uninsured and uncollateralized at December 31, 2001, was \$1,810,649.

NOTE 5 - COMMITMENTS AND CONTINGENCIES

In 1998, the Corporation was awarded a grant from the State of Ohio in the amount of \$250,000. The grant proceeds were to be used for the acquisition of real estate which will be developed into a county industrial park. In February 1999, all of the funds had been expended for their intended purpose. As discussed in Note 1, the Corporation transferred title to the property to the Government of Belmont County, Ohio.

In February 1999, Belmont County Commissioners provided funding to the Corporation in the amount of \$650,000 to be used for the specific purpose of capital improvement projects, with primary emphasis on the industrial park. In June 1999, the Commissioners provided the Corporation with an additional \$175,000 to be used primarily to bring a natural gas line to the site. Funds were invested in short-term, interest-bearing accounts, including certificates of deposit. As of December 31, 2001, temporarily restricted net assets include the following:

Gas line project	\$ 195,948
Industrial park construction	180,943
Other development (unspecified)	<u>448,779</u>
Total	<u>\$ 825,670</u>

As of December 31, 2001, the Corporation had also committed to lend the Village of Bellaire \$125,000 from the Revolving Loan Fund. The purpose of this loan is to assist with the development of a boat ramp project in conjunction with the Ohio Department of Natural Resources.

Community Improvement Corporation of Belmont County
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2001

NOTE 6 – CHANGE IN ACCOUNTING PRINCIPLE

Effective January 1, 2001, the Corporation changed its method of accounting from the cash basis to the accrual basis. The effect of this change on previously reported net assets is summarized below:

	<u>Board Fund</u> (Unrestricted)	Department of Development <u>Fund</u> (Temporarily Restricted)
As previously reported	\$ 195,240	\$ 1,119,682
Effect of recording:		
Accrued interest receivable	-	4,479
Accounts payable	<u>-</u>	<u>(12,771)</u>
As restated	<u>\$ 195,240</u>	<u>\$ 1,111,390</u>



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors of
Community Improvement Corporation of Belmont County

We have audited the financial statements of Community Improvement Corporation of Belmont County (a nonprofit organization) as of and for the year ended December 31, 2001, and have issued our report thereon dated March 19, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Community Improvement Corporation of Belmont County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Community Improvement Corporation of Belmont County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted certain matters involving the internal control over financial reporting, which we have reported to management in a separate letter dated March 19, 2002.

This report is intended solely for the information and use of the Audit Committee, management, others within the Corporation, and the federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.

S. H. Sordyran, A. C.

Wheeling, West Virginia
March 19, 2002



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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COMMUNITY IMPROVEMENT CORPORATION OF BELMONT COUNTY

BELMONT COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 16, 2002**